†[شری جلال الدین انصاری: اس پر کوئی کارروائی کی گئی ہے یا نہیں۔]

डा० सत्यनारायण जटिया: माननीय सभापति महोदय, भरती नियमों में प्रावधान है कि यदि क्षेत्रीय भविष्य निधि आयुक्त ग्रुप-2 के ऐसे अधिकारी उपलब्ध नहीं होते हैं तो जिनको 5 वर्ष की नियमित सेवा का अनुभव प्राप्त नहीं होता है कि फिर इसको हैप्यूटेशन पर लेने के लिए उपाय किये जाते हैं। वह पद मांगे गए हैं और जो पद मांगे गए हैं उसी आधार पर मैंने आश्वस्त किया है कि वह प्रायः एक सप्ताह में अपना स्थान पूर्ति कर लेगा और यह काम नियमित रूप से शुरू हो जाएगा।

*305 *[The Questioner (Shri Ghufran Azam) was absent. For answer* vide *Col. .....infra]*

Opening of Financial Services

*306. SHRI PRAFULL GORADIA: Will the Minister of COMMERCE be pleased to state:

(a) whether Government have endorsed the recent World Trade Organisation pact for opening financial services;

(b) if so, the terms and conditions of the pact;

(c) whether Government have received any representations from various trade organisations; and

(d) if so, the details thereof and the reaction of Government thereon?

THE MINISTER OF COMMERCE (SHRI RAMAKRISHNA HEGDE): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) As part of the single undertaking concluding the Uruguay round of Multilateral Trade Negotiations, the Government of India is a signatory to the General Agreement on Trade in Services (GATS), GATS includes financial services and India, like other Members of the WTO, has undertaken certain Sectoral commitments in financial services.

(b) The following commitments in financial services have been made. All the commitments are subject to entry requirements, domestic laws, rules and regulations and the terms and conditions of the RBI, SEBI and any other competent authority in India.

MFN exemptions from all the sectors, *viz.* Insurance, Banking and Non-Banking Financial Services have been withdrawn. This was a reciprocal measure as all our major trading partners have also withdran their respective MFN exemptions.

A. Insurance and Insurance Related Services:

1. (i) Life Insurance: No commitments.

(ii) No-life: Limited to insurance of freight where there is no requirement that goods in transit to and from India should be insured with Indian insurance companies only.

(iii) Reinsurance and retrocession: Reinsurance can be taken with foreign reinsurers to the extent of the residual uncovered risk after obligatory or Statutory placement are made domestically with Indian insurance companies.

B. Banking and Other Financial Services:

1. (i) Acceptance of deposits and other repayable funds from the public.

(ii) Lending of all types, including consumer credit, mortgage credit and financing of commercial transactions but excluding factoring.

(iii) All payments and money transmission services including credit charge and debit card, trveller's cheques and bankers' draft.

(iv) Guarantees and commitments.

†[ ]Transilteration in Arabic Script

(v) Trading for own account of;

(a) Money Market Instruments

(b) Foreign Exchange

(c) Transferable Securities

(vi) Portfolio management, custodial and trust services.

(vii) Clearing services for other banks for cheques, drafts and other instruments.

The above activities are allowed only in the third mode *i.e.* commerical presence, subject to following:—

(i) Only through branch operation of a foreign bank licenced and supervised as a bank in its home country.

(ii) Grant of licence as permissible under existing laws.

(iii) A limit of twelve licences per year both for new entrants and existing banks.

(iv) Banks are allowed to install ATMs at branches and other places identified by them. Installation of ATM at a place other than in licenced branches is treated as a new place of business and requires a licence. Licences issued for ATMs, installed by foreign banks will not be including in the ceilling of twelve licences referred to in item (iii) above.

(v) Investments in other financial services companies by branches of foreign banks licensed to do banking business in India individually not to exceed 10 per cent of owned funds or 30 percent of the invested company's capital, whichever is lower.

(vi) Licences for new foreign banks may be denied when the maximum share of assets in India both on and off balance sheet of foreign banks to total assets both on and off balance sheet of the banking system exceeds 15 percent.

2. *Participation in issues of all kinds of securities*, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues.

The above activity is allowed to foreign bank branches licensed to do banking business in India and also to foreign financial services companies through incorporation with foreign equity not exceeding 51 percent.

3. *Stock Broking:* This activity is allowed through establishment of locally incorporated joint venture company with foreign equity not exceeding 49 percent. The foreign equity participation will be limited to recognised foreign stock broking companies.

4. *Financial consultancy services, i.e.* financial advisory services provided by financial adviser etc. to customers on financial matters, investment and portfolio, research and advice on acquisition and on corporate restructuring and strategy.

The above activity is allowed to foreign bank branches licensed to do banking business in India and also to foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 percent.

5. *Factoring:* Allowed to foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 percent.

6. *Financial leasing:* Allowed to foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 percent.

7. *Venture Capital:* Allowed to foreign financial services companies (including banks) through incorporation with foreign equity not exceeding 51 percent.

(c) As per the records, no representation appears to have been received from Trade Organisations.

(d) Not applicable.

SHRI PRAFULL GORADIA: Thank you, Sir, for a good elucidation in reply to the question. But, I have just two small supplementaries. First, will the opening up to service technology into India, that is, foreign technology, help Indians also to participate in financial services taking place oversees? In other words, if import is allowed, will export also be helped?

SHRI RAMAKRISHNA HEGDE: Sir, there is no specific agreement about that. This should be taken up in the next round of negotiations.

SHRI PRAFULL GORADIA: My second question is, will this opening up, in any way, directly or indirectly, help in inward flow of foreign exchange? Basically, opening up means outflow. Will it also result in any inflow?

SHRI RAMAKRISHNA HEGDE: Sir, it does not necessarily result in outflow. It is both ways. When financial services are provided, that at least is inflow. Therefore, the hon. Member need not worry about the net output.

Appointment of Advisory Councils

*307. MISS SAROJ KHAPARDE: Will the Minister of COMMERCE be pleased to state:

(a) whether the Prime Minister has appointed two advisory councils, one on Trade and Industry and another on the economy;

(b) if so, the basic objectives behind setting up of these councils;

(c) whether these councils have submitted any report on the state of economy, trade and industry; and

(d) if so, the details thereof?

THE MINISTER OF COMMERCE (SHRI RAMAKRISHNA HEGDE): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) Aims and Objective

- To enhance the productivity and competitiveness of Indian corporates for facing the increasing challenges of globalisation;
- To develop a comprehensive strategy to deal with the debilitating impact of a global meltdown and demonstrate that India can be an attractive economic prospect for domestic as well as foreign investors;
- To devise policies which would maintain a GDP growth of 7% p.a. over the next three years, and 8% p.a. thereafter;
- To achieve an industrial growth of 10% p.a. in the next three years and 12-13% thereafter;
- To enable exports to grow at 15—20% p.a. in dollar terms;
- To create a solid foundation for fostering knowledge and R&D based industries;
- To achieve high growth of employment while maintaining the inflation within single digits;
- To ensure that the benefits of development percolate to the grass roots and the broad goals of poverty alleviation coupled with provision of basic minimum service in accordance with the National Agenda for Governance are realised in a time-bound manner;
- To recognize that, like services, agriculture will be an engine for growth and therefore, to suggest realistic and implementable policies that significantly enhance investments in agriculture to